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10 UNITED STATES DISTRICT COURT
11 NORTHERN DISTRICT OF CALIFORNIA
12 OAKLAND DIVISION

13 RALPH D. WILDER, Derivatively on Behalf)
14 of SONIC SOLUTIONS,)

15 Plaintiff,)

16 vs.)

17 ROBERT J. DORIS, et al.,)

18 Defendants,)

19 – and –)

20 SONIC SOLUTIONS, a California)
corporation,)

21 Nominal Defendant.)
22

No. C-07-1500-CW

) REPLY IN SUPPORT OF MOTION TO
) CONSOLIDATE ACTIONS AND TO
) APPOINT SAMMY K. DOOLITTLE AND
) RALPH D. WILDER LEAD PLAINTIFFS
) AND APPOINT LERACH COUGHLIN
) STOIA GELLER RUDMAN & ROBBINS
) LLP LEAD COUNSEL; MEMORANDUM
) OF POINTS AND AUTHORITIES IN
) SUPPORT THEREOF

DATE: August 2, 2007

TIME: 2:00 p.m.

COURTRM: The Honorable Claudia Wilken

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24 [Caption continued on following page.]
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27
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1 ANDREW WALTER, Derivatively on Behalf of)
2 of Nominal Defendant SONIC SOLUTIONS,)

Case No. C-07-02344-CW

3 Plaintiff,)

4 vs.)

5 ROBERT J. DORIS, et al.,)

6 Defendants,)

7 – and –)

8 SONIC SOLUTIONS,)

9 Nominal Defendant.)

10 JAMES FORSETH, Derivatively on Behalf of)
11 Nominal Defendant SONIC SOLUTIONS,)

Case No. C-07-03178-CW

12 Plaintiff,)

13 vs.)

14 ROBERT J. DORIS, et al.,)

15 Defendants,)

16 – and –)

17 SONIC SOLUTIONS,)

18 Nominal Defendant.)

19 SAMMY K. DOOLITTLE, Derivatively on)
20 Behalf of SONIC SOLUTIONS,)

Case No. C-07-03361-CW

21 Plaintiff,)

22 vs.)

23 ROBERT J. DORIS, et al.,)

24 Defendants,)

25 – and –)

26 SONIC SOLUTIONS,)

27 Nominal Defendant.)
28

1 **I. INTRODUCTION**

2 This matter is a derivative shareholder brought on behalf of Sonic Solutions (“Sonic”) by
3 Sonic shareholders. The initial complaint was filed by Ralph D. Wilder (“Wilder”) on March 15,
4 2007. Six weeks later, on April 30, 2007, Andrew Walter (“Walter”) brought a follow-on action.
5 The complaints allege that Sonic’s officers and directors improperly caused Sonic to grant mis-dated
6 stock options, resulting in a dissipation of Sonic’s assets. Two additional actions have since been
7 filed. All parties agree that the four related actions identified in the moving papers should be
8 consolidated.

9 On May 10, 2007, Magistrate Judge Maria-Elena James initially entered an order appointing
10 Wilder as lead plaintiff and Lerach Coughlin Stoia Geller Rudman & Robbins LLP (“Lerach
11 Coughlin”) as lead counsel. After entry of that Order, Walter belatedly filed a motion seeking
12 appointment as lead plaintiff. Magistrate Judge Maria-Elena James nonetheless vacated her initial
13 order to allow Walter’s motion to be heard.

14 Apart from consolidation, the principal issue now before the Court is the appointment of lead
15 plaintiffs and lead counsel to direct this litigation. Wilder, the first-filed and previously appointed
16 lead plaintiff has moved together with Sammy K. Doolittle (“Doolittle”) for appointment as lead
17 plaintiffs and appointment of Lerach Coughlin as lead counsel. A competing motion by Walter was
18 amended in the past few days to add James Forseth (“Forseth”). That motion seeks the appointment
19 of Walter and Forseth as lead plaintiffs and their counsel, Schiffrin Barroway Topaz & Kessler, LLP
20 (“Schiffrin Barroway”) as lead counsel.

21 Here, the papers demonstrate that Doolittle, Wilder and their counsel are best suited to
22 represent the interests of Sonic’s shareholder base. Doolittle in particular has made specific
23 allegations demonstrating that he is a long-time shareholder of a material amount of Sonic securities.
24 *Doolittle v. Doris, et al.*, No. C-07-03361-CW, Verified Shareholder Derivative Complaint, ¶12
25 (N.D. Cal. June 25, 2007). Neither of the competing plaintiffs has made such a showing. In
26 addition, Wilder, with his counsel, initiated these proceedings. Finally, in contrast to the Schiffrin
27 Barroway firm, Lerach Coughlin has a long-established San Francisco presence, with nearly 20
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1 attorneys in its San Francisco office, which will help streamline the litigation and reduce litigation
2 and related costs and expenses.

3 Accordingly, Doolittle and Wilder respectfully request that the Court grant their motion for
4 appointment as lead plaintiffs and for appointment of Lerach Coughlin as lead counsel.

5 **II. DISCUSSION**

6 A plaintiff who leads a shareholder derivative suit acts as a fiduciary, and “[t]he interests of
7 all in the redress of the wrongs are taken into his hands, dependent upon his diligence, wisdom and
8 integrity.” *Cohen v. Beneficial Indus. Loan Corp.*, 337 U.S. 541, 549 (1949).

9 As a result, courts typically select the proposed lead plaintiff who is most capable of
10 diligently and responsibly discharging his fiduciary obligations. Several courts across the nation
11 have looked to the standards utilized for selecting lead plaintiffs in federal securities class actions to
12 shareholder derivative actions. *Horn v. Raines*, 227 F.R.D. 1, 2 (D.D.C. 2005).

13 The courts have consistently held that the appointment of lead plaintiff to control a
14 shareholder derivative litigation should be analyzed in light of objective factors indicating which
15 plaintiff will best serve the interests of the shareholder base as a whole. *TCW Tech. Ltd. P’ship v.*
16 *Intermedia Commc’ns, Inc.*, Civil Action No. 18336, 2000 Del. Ch. LEXIS 147, at *10 (Del. Ch.
17 Oct. 17, 2000).

18 Here, at least two factors stand out in favor of appointing Wilder and Doolittle as lead
19 plaintiffs and Lerach Coughlin as lead counsel. First, with his allegations, Doolittle has specifically
20 demonstrated that he is long-standing Sonic shareholder with a significant share holding ownership.
21 In *TCW*, the court explained that the “Court should give weight to the shareholder plaintiff that has
22 the greatest economic stake in the outcome of the lawsuit.” *Id.* Here, neither competing plaintiff has
23 made such a showing.

24 In addition, Wilder and his counsel demonstrated substantial initiative both in bringing the
25 first-filed action and in being the first to seek appointment as lead plaintiff.

26 Only Wilder and Doolittle have demonstrated that they are long-time shareholders and are
27 best able to represent the Sonic shareholder base. By contrast, Walter and Forseth, the competing
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1 plaintiffs, have demonstrated no reason why Wilder, the first-filed plaintiff, and Doolittle, the
2 plaintiff with the most substantial holding period are not in the best position to act as lead plaintiffs.

3 Moreover, there are no facts in this case that suggest that multiple lead counsel would benefit
4 Sonic or serve any purpose other than to increase the expenses associated with this litigation.

5 **III. CONCLUSION**

6 Accordingly, Wilder and Doolittle respectfully request that the Court grant their motion for
7 appointment as lead plaintiffs and for appointment of Lerach Coughlin as lead counsel.

8 DATED: July 19, 2007

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22 [Proposed] Lead Counsel for Plaintiffs

23 T:\CasesSF\Sonic Solutions\BRF00043710.doc

CERTIFICATE OF SERVICE

I hereby certify that on July 19, 2007, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the attached Electronic Mail Notice List, and I hereby certify that I have mailed the foregoing document or paper via the United States Postal Service to the non-CM/ECF participants indicated on the attached Manual Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on July 19, 2007.

/s/

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Mailing Information for a Case 4:07-cv-02344-CW

Electronic Mail Notice List

The following are those who are currently on the list to receive e-mail notices for this case.

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Manual Notice List

The following is the list of attorneys who are **not** on the list to receive e-mail notices for this case (who therefore require manual noticing). You may wish to use your mouse to select and copy this list into your word processing program in order to create notices or labels for these recipients.

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